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HAIR CLUB FOR MEN, LLC

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

HAIR CLUB FOR MEN, LLC, a  
Delaware limited liability company,

Plaintiff,

vs.

MARIA TERESA DE LA PAZ, an  
individual,

Defendant.

Case No. **CV11-02762 GW (JEMx)**

**PLAINTIFF HAIR CLUB FOR  
MEN, LLC'S COMPLAINT FOR  
DAMAGES AND INJUNCTIVE  
RELIEF FOR:**

1. **BREACH OF CONTRACT**
2. **MISAPPROPRIATION OF  
TRADE SECRETS;**
3. **CONVERSION;**
4. **BREACH OF THE DUTY  
OF LOYALTY;**
5. **INTERFERENCE WITH  
PROSPECTIVE  
ECONOMIC  
ADVANTAGE;**
6. **INTERFERENCE WITH  
CONTRACTUAL  
RELATIONS;**
7. **FRAUD; AND**
8. **UNFAIR COMPETITION**

1 Plaintiff Hair Club for Men, LLC ("Hair Club" or "Plaintiff") states and  
2 alleges for its claims against Defendant Maria Teresa De La Paz ("De La Paz" or  
3 "Defendant") as follows:

4 **NATURE OF THE ACTION**

5 1. Hair Club brings this Complaint seeking to prevent irreparable harm at  
6 the hands of its current employee, De La Paz, for her breach of the confidentiality  
7 provision contained in her agreement (the "Agreement") with Hair Club, her  
8 misappropriation of Hair Club trade secrets and confidential and proprietary  
9 information in violation of the California Uniform Trade Secrets Act, her  
10 conversion of Hair Club's personal property, her breach of her duty of loyalty to  
11 Hair Club, and her tortious interference with Hair Club's contractual relations and  
12 prospective economic advantages.

13 2. As a condition of De La Paz having the privilege to work for Hair  
14 Club and develop relationships with Hair Club's clients, De La Paz signed a  
15 confidentiality agreement that contained provisions prohibiting her from soliciting  
16 Hair Club clients upon employment termination and requiring her to refrain from  
17 using Hair Club's confidential and proprietary information for her own benefit.  
18 Despite De La Paz's Agreement with Hair Club, and while still employed by Hair  
19 Club, De La Paz started a calculated campaign to open up a competing business  
20 with Hair Club by unfairly and wrongfully soliciting Hair Club clients to use her  
21 services, inducing Hair Club's clients to cancel their membership contracts with  
22 Hair Club, or to not perform or use Hair Club's services pursuant to their contracts,  
23 using Hair Club's trade secrets and confidential and proprietary information to  
24 provide hair replacement services to Hair Club's clients, and converting Hair Club  
25 property for her own use.

26 3. De La Paz has taken the entire month of March 2011 off under the  
27 guise of caring for her ill mother. While taking leave from work, however, upon  
28 information and belief, De La Paz has been providing hair replacement services at a

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PLAINTIFF'S COMPLAINT

1 new business location while still employed by Hair Club. As a result of De La  
2 Paz's conduct, several of Hair Club's existing clients have cancelled their contracts  
3 with Hair Club, stopped using the services of Hair Club, and/or stopped performing  
4 under their contracts. In fact, at least twenty-four of Hair Club's Orange County  
5 customers have discontinued their business with Hair Club, and upon information  
6 and belief, at least some of these former clients now do business with De La Paz  
7 instead. Upon information and belief, at least one of these former clients has been  
8 seen getting hair services from De La Paz at a new business location – the same  
9 type of services that De La Paz provided this customer at the Hair Club center  
10 located in Orange County prior to his cancellation of his contract with Hair Club.  
11 In providing the hair services to Hair Club's former client, De La Paz is utilizing  
12 Hair Club's confidential information and trade secrets that she acquired only as a  
13 result of her employment with Hair Club. De La Paz also took Hair Club's  
14 valuable supplies while still employed by Hair Club and used them to perform  
15 services for Hair Club clients at her own business location.

16 4. Simply stated, De La Paz's conduct was calculating and made with  
17 willful disregard for her contractual and legal obligations. In addition to her  
18 contractual breaches, De La Paz engaged in a series of tortious actions in  
19 misappropriating Hair Club's confidential information and trade secrets and in  
20 breaching her common law duties of loyalty and confidentiality.

21 5. Hair Club seeks temporary, preliminary, and permanent injunctive  
22 relief against De La Paz to address her flagrant violation of her confidentiality  
23 covenant with Hair Club, to halt her misappropriation of Hair Club's trade secrets  
24 and confidential and proprietary information, to remedy her tortious interference  
25 with Hair Club's contracts with its customers, to cease her unfair competition, and  
26 to disgorge unjust enrichment gained as a result thereof. Specifically, Hair Club  
27 seeks a temporary, preliminary, and permanent injunction enjoining De La Paz  
28 from further breaches of her contractual and common law obligations to Hair Club

1 and ordering De La Paz to cease her unfair practice of trading on specific inside  
2 knowledge regarding Hair Club's hair replacement techniques.

3 6. De La Paz's conduct has damaged Hair Club's business, goodwill, and  
4 existing and prospective customer relationships and without injunctive relief, Hair  
5 Club's business will continue to suffer irreparable harm.

6 **PARTIES**

7 7. Hair Club is a Delaware limited liability company with its principal  
8 place of business in Boca Raton, Florida. Hair Club owns and operates hair-loss  
9 treatment centers throughout the United States, including a facility located at 431 S.  
10 Batavia Street, Suite 201, Orange, California 92868. The sole member of Hair  
11 Club is Hair Club for Men, Ltd., Inc. Hair Club for Men, Ltd., Inc. is a corporation  
12 incorporated and existing under and by virtue of the laws of Florida with its  
13 principal place of business in Boca Raton, Florida.

14 8. Upon information and belief, De La Paz is a citizen of the State of  
15 California with her principal residence located in Whittier, California.

16 **JURISDICTION AND VENUE**

17 9. The Court has subject matter jurisdiction over Hair Club's claims  
18 pursuant to 28 U.S.C. § 1332(a), in that complete diversity of citizenship exists  
19 between Hair Club and De La Paz and the amount in controversy, exclusive of  
20 interest and costs, exceeds \$75,000.

21 10. Venue is proper in this Court pursuant to 28 U.S.C. § 1391, because  
22 Hair Club is informed and believes and thereon alleges that De La Paz resides in  
23 Los Angeles County, which is encompassed within the Central District of  
24 California. Venue is also proper in this Court, because Hair Club and De La Paz  
25 entered into a contract that was to be performed within this District and all of the  
26 events giving rise to this action occurred within this District, including, but not  
27 limited to, De La Paz's conversion of Hair Club's personal property, De La Paz's  
28

1 misappropriation of Hair Club's trade secrets, and De La Paz's breach of her  
2 written contract.

3 **GENERAL ALLEGATIONS**

4 11. Hair Club provides a variety of hair replacement services, including  
5 non-surgical hair replacement systems, non-surgical topical hair loss prevention and  
6 restoration programs, and, in some locations, surgical transplants.

7 12. De La Paz started employment with Hair Club as a Stylist/Technician  
8 on about February 2, 1999. As of date of this Complaint, De La Paz currently  
9 remains on Hair Club's payroll.

10 13. In consideration for her employment with Hair Club, De La Paz  
11 executed a valid and enforceable Agreement. (*See* Agreement, attached hereto as  
12 Exhibit 1.)

13 14. In the performance of her duties as a Stylist/Technician, De La Paz  
14 consulted with prospective Hair Club members between in-person treatments and  
15 interacted directly with clients receiving treatment from Hair Club. De La Paz also  
16 maintained contacts with those members to ensure their continued satisfaction with  
17 those services and, as a corollary, to promote continued membership in the Hair  
18 Club.

19 15. As part of her duties as a Stylist/Technician, De La Paz was given the  
20 opportunity to have close contact with Hair Club clients. Hair Club provides its  
21 clients with a setting that affords the clients a private, discreet experience.  
22 Specifically, De La Paz met regularly with customers at the Orange County Hair  
23 Club Center in a private room that is not opened to the public. De La Paz was  
24 afforded the opportunity to be Hair Club's "public face" with respect to customers –  
25 customers procured and developed at great expense by Hair Club.

26 16. De La Paz was also the beneficiary of Hair Club's significant  
27 investment in marketing and advertising. Hair Club engages in an extensive  
28 television and web-based advertising campaign, has established a state-of-the-art

1 internet site, and employs a telephone sales support team who, among other things,  
2 field calls from prospective members, follow-up on leads, and direct prospects to  
3 Hair Club locations such as the Orange County location.

4 17. In order to provide effective services to customers, Hair Club routinely  
5 trains its stylists/technicians, like De La Paz, on Hair Club techniques and practices.  
6 Specifically, they learn detailed hair replacement methods that are unique to Hair  
7 Club and that constitute Hair Club trade secrets. These techniques are developed  
8 by Hair Club and marketed at great expense to Hair Club members. As part of her  
9 employment, De La Paz was trained and retrained in the latest Hair Club hair  
10 replacement methods.

11 18. During her employment with Hair Club, De La Paz had access to Hair  
12 Club's confidential information regarding, among other things, customer lists,  
13 confidential customer-specific information (telephone numbers, for example), hair  
14 replacement techniques, and pricing strategies. This information is the product of  
15 extensive work and expense by Hair Club and is highly valuable.

16 19. In order to protect its trade secrets and other confidential and  
17 proprietary information, and in consideration for employing De La Paz and  
18 providing her with access to such information, Hair Club required De La Paz to  
19 execute the Agreement, which contains, among other things, a non-solicitation  
20 covenant. Hair Club requires all employees, including prospective consultants and  
21 hair replacement stylists/technicians to agree to this non-solicitation covenant as a  
22 condition of their employment by Hair Club.

23 20. Through the execution of this Agreement, De La Paz acknowledged  
24 "that the Company's business of hair replacement is based largely on certain  
25 confidential information including, but not limited to, lists of past, current and  
26 prospective customers, price lists, lists of employees, and other records of the  
27 Company acquired, collected and classified as the result of a substantial outlay of  
28 money and time." (See Ex. 1, Agreement at § 3.)



1           21. De La Paz further recognized “that the trade and goodwill of the  
2 Company with its customers has been established at a substantial cost to, and great  
3 effort on the part of the Company; that irreparable damage will result to the  
4 Company if such lists, records or information are obtained or used by any other  
5 person or competitor of the Company, or if said goodwill is diverted from the  
6 Company; and that [her] employment [wa]s . . . obtained . . . based upon the trust  
7 and confidence reposed by the Company in [her] with respect to the proper use of  
8 such lists, records, and information solely for the Company’s benefit.” (*See* Ex. 1,  
9 Agreement at § 3.)

10           22. In addition, De La Paz acknowledged “that the giving of such  
11 employment affords [her] an opportunity to develop favorable relations with the  
12 customers of the Company and access to such confidential lists, records and  
13 information concerning the Company’s business.” (*See* Ex. 1, Agreement at § 3.)

14           23. Hair Club goes to great expense identifying and acquiring new clients,  
15 maintaining existing ones, and developing solid personal relationships between  
16 Hair Club employees and clients, all of which is a critical part of Hair Club’s ability  
17 to retain existing customers for years. In particular, Hair Club goes to great lengths  
18 to ensure the confidentiality of its customers, many of whom prefer to remain  
19 anonymous. Indeed, great emphasis is placed on confidentiality in Hair Club’s  
20 promotional materials. Thus, Hair Club’s clients have come to expect that their  
21 names and contact information will be held in strictest confidence by Hair Club,  
22 and that their identifying information will not be used by current or former  
23 employees of Hair Club for the purpose of soliciting business.

24           24. In view of the foregoing and in consideration for her employment by  
25 Hair Club, De La Paz agreed, voluntarily and without objection, to the following:

26           During the term of my employment and thereafter, I will not at any  
27 time, directly or indirectly, use or disclose to any persons, except the  
28 Company and its duly authorized officers and employees entitled

1 thereto, the Company's and the Company's franchisee's and affiliate's  
 2 customer lists (either past, present or prospective), price lists, lists of  
 3 employees, and requirements for present and prospective customers as  
 4 well as other records, statistics or other information acquired by me in  
 5 the course of employment in any capacity whatsoever, or in any  
 6 manner directly or indirectly aid or be party to any act, the effect of  
 which will tend to divert, diminish or prejudice the goodwill or  
 business of the Company or its franchisees and affiliates.

7 (*See* Ex. 1, Agreement at § 3(c).)

8 25. In the event of the termination of her employment for any reason,  
 9 including resignation, De La Paz agreed to "return to the Company all of its  
 10 property including, without limitation, the Company's customer lists (either past,  
 11 present or prospective), price lists, lists of employees, requirement[s] for past,  
 12 present or prospective customers of the Company, as well as other records, statistics  
 13 or other information acquired by [her] in the course of [her] employment which is  
 14 in [her] possession at the time of [her] termination." (*See* Ex. 1, Agreement at §  
 15 3(d).)

16 26. In the event of the termination of her employment for any reason, De  
 17 La Paz also agreed not to "publicize (or allow any business with which [she is]  
 18 associated) to publicize the fact that [she] was an employee of the Company or  
 19 otherwise use the Company's name for any pecuniary gain." (*See* Ex. 1,  
 20 Agreement at § 3(f).)

21 27. De La Paz further acknowledged that irreparable harm would result  
 22 from any breach of the Agreement, and that Hair Club thus would be entitled to,  
 23 among other things, injunctive relief:

24 I acknowledge that irreparable damage will result to the Company, its  
 25 business and property, in the event of my breach of any of the  
 26 covenants and assurances contained herein, and that I have been  
 27 employed by the Company primarily in reliance upon my covenants  
 28 and assurances herein contained, and I agree that in the event of my  
 breach or default with respect to any of such covenants or assurances,  
 the Company shall be entitled to an injunction restraining my violation



1 of such covenants, in addition to any other remedies or damages which  
2 may be available to it.

3 (*See* Ex. 1, Agreement at § 3(g).)

4 28. Finally, De La Paz unequivocally agreed to reimburse Hair Club for  
5 reasonable attorneys' fees and costs incurred in enforcing the terms of the  
6 Agreement:

7 In the event that the Company is compelled to file a complaint in any  
8 court of competent jurisdiction for an injunction, and/or an accounting  
9 and damages, and the Company is successful in such action, I will pay  
reasonable counsel fees and court costs in connection therewith.

10 (*See* Ex. 1, Agreement at § 3(g).)

11 29. The confidentiality covenant entered into by De La Paz are valid and  
12 enforceable under California law. The Agreement was entered into upon mutual  
13 agreement and De La Paz received valuable consideration, including but not limited  
14 to employment, continued employment, and access to Hair Club's trade secrets and  
15 other confidential and proprietary information in exchange for her covenants.

16 30. Around August 2010, De La Paz requested that Hair Club grant her  
17 intermittent leave under applicable family and medical leave laws to care for her ill  
18 mother. Hair Club granted De La Paz's request for intermittent leave and allowed  
19 her to take leave as needed to care for her mother beginning on August 31, 2010.  
20 Between August 31, 2010 and December 31, 2010, De La Paz took about five days  
21 of intermittent leave where she was away from work. De La Paz did not take any  
22 intermittent leave in January 2011. In February 2011, De La Paz took ten days of  
23 intermittent leave where she was away from work. As of March 25, 2011, De La  
24 Paz had taken twenty-one days of intermittent leave where she was away from  
25 work. In fact, at the time of the filing of this Complaint, De La Paz has not come  
26 into work at the Hair Club Orange County Center the entire month of March 2011.

27 31. When they sign up for Hair Club services, clients enter into  
28 membership contracts with Hair Club. Hair Club clients typically enter into year

1 long contracts and pay agreed-upon contractual fees on a monthly basis depending  
2 on the level of service for which the client signs up. Since De La Paz's intermittent  
3 leave of absence went into effect in August 31, 2010, Hair Club's Orange County  
4 location has lost at least twenty-four clients who were serviced by De La Paz.  
5 These twenty-four clients cancelled their membership contracts with Hair Club  
6 without any prior warning or discussion. Hair Club has information indicating that  
7 many of Hair Club's clients have been solicited by De La Paz and now obtain hair  
8 replacement services from De La Paz.

9 32. Upon information and belief, at least one of these former clients has  
10 been seen receiving hair services from De La Paz at a new office location – the  
11 same type of services that De La Paz provided this customer when he was a Hair  
12 Club customer prior to his cancellation of his contract with Hair Club. Upon  
13 information and belief, the male customer was seated in a salon-type chair wearing  
14 a salon-type cape at the Whittier location with De La Paz present. Upon  
15 information and belief, the salon-type cape bore the trademarked insignia of a  
16 proprietary hair care product line owned by Hair Club.

17 33. The office where De La Paz was observed providing services to a male  
18 who recently cancelled his contract with Hair Club is located at 13710 Whittier  
19 Boulevard, Suite 202, Whittier, California 90605, less than twenty miles from Hair  
20 Club's Orange County office location. Upon information and belief, De La Paz is  
21 operating an active hair replacement business out of the Whittier location.

22 34. Stylists/Technicians are required to be licensed by the State Board of  
23 Cosmetology and must display a current license from the State Board of  
24 Cosmetology at the site where they perform services. The license must be renewed  
25 every few years. De La Paz's current license is usually displayed at the Orange  
26 County Hair Club center where she provides services to Hair Club's clients. In  
27 March 2011, while De La Paz was out on intermittent leave, a Hair Club employee  
28 noticed that the license displayed for De La Paz was not the current license, but an

1 older expired license. Upon information and belief, De La Paz removed her current  
2 license from the Orange County Hair Club center, replaced it with an expired  
3 version, and is using the current license at the Whittier location.

4 35. Upon information and belief, De La Paz is using Hair Club trade  
5 secrets and other confidential and/or proprietary information in the conduct of her  
6 business, including but not limited to Hair Club's hair replacement techniques,  
7 customer lists, confidential customer-specific information such as dimensions and  
8 specifications of client's non-surgical hair systems, detailed hair replacement  
9 methods that are unique to Hair Club, and confidential client billing information.

10 36. De La Paz, while still employed and being compensated by Hair Club,  
11 was simultaneously and competitively working at her new office location in  
12 Whittier. She also converted and misappropriated Hair Club's proprietary  
13 information and property, including, but not limited to, Hair Club capes and various  
14 other hair replacement products owned by Hair Club. Several heads of replace hair  
15 (known as "hair systems") are also missing for the clients serviced by De La Paz  
16 who have recently cancelled their contracts with Hair Club. In addition, two other  
17 clients who were serviced by De La Paz recently came into the Orange County Hair  
18 Club center for their scheduled appointments. Because De La Paz was not there at  
19 the time of their scheduled appointments (she was out on leave), another Hair Club  
20 Stylist/Technician was going to provide them services. The heads of hair for these  
21 clients, however, were also missing. At least one other head of hair for one of De  
22 La Paz's clients who is scheduled for an upcoming appointment is also missing.

23 37. Upon information and belief, De La Paz also took from Hair Club  
24 several containers of "ultra hold" adhesive. She also had access to information and  
25 charts containing highly confidential information such as customer-specific  
26 measurements, specifications, and systems used by those customers. De La Paz  
27 also had access to Hair Club's computer system containing confidential customer  
28

1 information including customer telephone numbers, addresses, payment history,  
2 and membership information.

3 38. All of this conduct occurred while De La Paz was still employed by  
4 Hair Club. Upon information and belief, De La Paz has been working at the  
5 Whittier location during the month of March 2011, when she was absent from her  
6 job at Hair Club supposedly to care for her ill mother.

7 39. At least twenty-four former Hair Club customers have cancelled their  
8 memberships with Hair Club since De La Paz's request for intermittent leave of  
9 absence was granted on August 31, 2010. This is a highly unusual rate of  
10 cancellation. Upon information and belief, De La Paz has directly solicited the  
11 business of her Hair Club clients.

12 40. As described above, De La Paz has caused Hair Club to lose client and  
13 revenue, and, more important, damaged its reputation and goodwill. Unless and  
14 until this De La Paz's improper conduct is restrained, Hair Club faces additional  
15 harm in the future.

### 16 **FIRST CLAIM FOR RELIEF**

#### 17 **(Breach of Contract)**

#### 18 **(Against De La Paz)**

19 41. Hair Club hereby incorporates by reference and re-alleges the  
20 allegations of Paragraphs 1 through 40 as if fully set forth herein.

21 42. The Agreement is a duly executed and enforceable contract, giving rise  
22 to legal obligations between De La Paz and Hair Club. Pursuant thereto, De La Paz  
23 agreed, among other things, that she would not, directly or indirectly, use Hair  
24 Club's confidential and proprietary information for her own benefit.

25 43. The confidentiality covenant is valid and enforceable under California  
26 law.

1           44. Hair Club provided consideration for and fully performed its  
2 obligations under the Agreement by, among other things, employing De La Paz and  
3 teaching her proprietary hair replacement techniques during her employment.

4           45. De La Paz breached her obligations under the Agreement by, among  
5 other things, using Hair Club's proprietary and confidential information to perform  
6 services for Hair Club customers and working at a new location, in a hair  
7 replacement services business in competition with Hair Club. De La Paz's breach  
8 of her confidentiality covenant continues to this day, and will continue unless and  
9 until she is ordered to abide by the obligations to which she agreed when she  
10 executed the Agreement.

11           46. Hair Club has suffered damages as the direct and proximate  
12 consequence of De La Paz's breach of her covenant contained in the Agreement.

13           47. Hair Club is entitled to recover compensatory and consequential  
14 damages as a result of De La Paz's breach of the Agreement, and is further entitled  
15 to prospective injunctive relief to prevent her from engaging in further misconduct.  
16 (*See* Ex. 1, Agreement at § 3(g).)

17                           **SECOND CLAIM FOR RELIEF**

18                           **(Misappropriation of Trade Secrets)**

19                           **(Against De La Paz)**

20           48. Hair Club hereby incorporates by reference and re-alleges the  
21 allegations of Paragraphs 1 through 47 as if fully set forth herein.

22           49. A confidential and special relationship existed between Hair Club and  
23 De La Paz as a result of, among other things, her execution of the Agreement and  
24 Hair Club's conferring specialized knowledge and confidential information upon  
25 De La Paz. De La Paz knew of the confidential nature of the trade secrets. In  
26 addition, De La Paz agreed in writing to preserve the secrecy of Hair Club's  
27 confidential information and trade secrets.

1           50. Hair Club's confidential and proprietary business information qualifies  
2 for trade secret protection under California law. Hair Club's business information  
3 derives independent economic value and gives Hair Club an advantage over its  
4 competitors because such information is not generally known to Hair Club's  
5 competitors or to others in the industry, and because it is not easily acquired  
6 through proper means by Hair Club's competitors or by others in the industry.

7           51. Hair Club has invested substantial time and money in developing this  
8 trade secret information, and Hair Club has taken and continues to take reasonable  
9 measures to protect and preserve the secrecy of its trade secrets. Access to Hair  
10 Club's trade secrets is given to Hair Club's employees only to the extent required  
11 by their positions and only upon their execution of Agreement similar to the one at  
12 issue in this case.

13           52. Upon information and belief, in breach of both the Agreement and  
14 California law, De La Paz misappropriated Hair Club's trade secrets using improper  
15 means by actually using them in the context of her performance of hair replacement  
16 services at the Whittier location. Among other things, De La Paz used confidential  
17 information relating to the identity of Hair Club customers, as well as the types of  
18 hair replacement methods and styling received.

19           53. Hair Club is informed and believes that De La Paz has wrongfully  
20 misappropriated and used Hair Club's trade secrets for her own benefit.

21           54. Hair Club has suffered and will continue to suffer damages as a direct  
22 and proximate result of the misappropriation of its trade secrets by De La Paz, for  
23 which it is entitled to recover damages from De La Paz pursuant to the California  
24 Uniform Trade Secrets Act and the common law.

25           55. De La Paz's conduct as alleged in this complaint has been wrongful,  
26 willful, and malicious. Accordingly, Hair Club is entitled to recover from De La  
27 Paz punitive damages, in addition to its actual damages, reasonable attorneys' fees,  
28 costs, and injunctive relief.



**THIRD CLAIM FOR RELIEF**

**(Conversion of Personal Property)**

**(Against De La Paz)**

56. Hair Club hereby incorporates by reference and re-alleges the allegations of Paragraphs 1 through 55 as if fully set forth herein.

57. While still employed by Hair Club, upon information and belief, De La Paz surreptitiously and without authorization took property from Hair Club, including as many of five hair replacement systems. Upon information and belief, De La Paz also took several containers of "ultra hold" adhesive and at least one salon-type cape, and used them for her own purposes.

58. De La Paz exercised dominion, ownership, and control over Hair Club's personal property by using it in performing services competing with Hair Club's, thereby permanently depriving Hair Club of the use of its personal property.

59. Hair Club has suffered damages as a result of De La Paz's actions.

60. De La Paz's actions were malicious, wanton, reckless, willful, and/or oppressive and such conduct was outrageous as a result of the evil motive or reckless indifference, thus entitling Hair Club to an award of punitive and exemplary damages.

**FOURTH CLAIM FOR RELIEF**

**(Breach of the Duty of Loyalty)**

**(Against De La Paz)**

61. Hair Club hereby incorporates by reference and re-alleges the allegations of Paragraphs 1 through 60 as if fully set forth herein.

62. De La Paz owed a common law duty of loyalty to Hair Club, separate and distinct from the duties created by the Agreement, based on, among other things, the special confidence reposed in her by Hair Club.

63. De La Paz breached this duty by, among other things, misappropriating trade secrets, misusing confidential information, and soliciting

1 Hair Club clients and employees prior and subsequent to the end of her  
2 employment.

3 64. De La Paz further breached this duty by using Hair Club's confidential  
4 customer information, techniques, and trade secrets for the benefit of herself and a  
5 competing business. This conduct occurred while De La Paz was employed by  
6 Hair Club.

7 65. De La Paz failed to use her best efforts to promote and serve Hair Club  
8 while she was still employed. Hair Club is entitled to recover compensatory and  
9 consequential damages as a result of De La Paz's breach of loyalty. In addition,  
10 Hair Club is entitled to disgorgement of all compensation paid to De La Paz during  
11 the period that she was working with divided loyalties to Hair Club's detriment.

12 66. De La Paz's actions have caused and will continue to cause damage to  
13 Hair Club.

14 67. De La Paz's actions were malicious, wanton, reckless, willful, and/or  
15 oppressive and such conduct was outrageous as a result of the evil motive or  
16 reckless indifference, thus entitling Hair Club to an award of punitive and  
17 exemplary damages.

18 **FIFTH CLAIM FOR RELIEF**

19 **(Tortious Interference with Prospective Economic Advantage)**

20 **(Against De La Paz)**

21 68. Hair Club hereby incorporates by reference and re-alleges the  
22 allegations of Paragraphs 1 through 67 as if fully set forth herein.

23 69. At all times relevant hereto, Hair Club had valid and enforceable  
24 contracts with its clients. These contracts describe the type of hair replacement  
25 technique that will be used on the client and the price of the service. These  
26 contracts also carry a significant probability of future contracts and business, as  
27 most customers continue as clients on a long-term basis.  
28

1           70. Upon information and belief, De La Paz had knowledge of the  
2 existence of these contracts.

3           71. Despite this knowledge, De La Paz intentionally solicited Hair Club  
4 clients to leave Hair Club and obtain hair replacement services from her. De La  
5 Paz interfered with Hair Club's prospective economic advantage by, among other  
6 things, encouraging Hair Club clients to cancel their contracts with Hair Club.  
7 Many of these clients would have signed new contracts with Hair Club, upon the  
8 expiration of their current contracts, for continued hair replacement services.

9           72. This intentional interference with the contractual relationships between  
10 Hair Club and its customers has induced – and likely will continue to induce –  
11 clients to cancel their contracts with Hair Club in the future. Moreover, this  
12 intentional interference was improper because, among other things, it was the  
13 product of De La Paz's breach of the Agreement and her duty of loyalty to Hair  
14 Club, and because it was the result of De La Paz's misuse of insider and/or  
15 confidential information.

16           73. By engaging in the aforementioned tortious conduct with the intent to  
17 do harm to Hair Club and its reputation and goodwill, De La Paz is intentionally  
18 attempting to interfere with Hair Club's ability to attract and retain customers and  
19 potential customers and wrongfully interfering with future business with these  
20 customers.

21           74. Hair Club has suffered and will continue to suffer damages as a result  
22 of De La Paz's actions.

23           75. De La Paz's efforts to discourage clients and prospective clients from  
24 using Hair Club and attempting to divert Hair Club's clients to her new business –  
25 all while employed by Hair Club – damaged Hair Club's goodwill, existing  
26 business relationships, contracts, and prospective business relationships.

27           76. De La Paz's actions were malicious, wanton, reckless, willful, and/or  
28 oppressive and such conduct was outrageous as a result of the evil motive or

1 reckless indifference, thus entitling Hair Club to an award of punitive and  
2 exemplary damages.

3 **SIXTH CLAIM FOR RELIEF**

4 **(Tortious Interference with Contractual Relations)**

5 **(Against De La Paz)**

6 77. Hair Club hereby incorporates by reference and re-alleges the  
7 allegations of Paragraphs 1 through 76 as if fully set forth herein.

8 78. At all times relevant hereto, Hair Club had valid and enforceable  
9 contracts with its clients. These contracts describe the type of hair replacement  
10 technique that will be used on the client and the price of the service.

11 79. Upon information and belief, De La Paz had knowledge of the  
12 existence of these contracts.

13 80. Despite this knowledge, De La Paz intentionally solicited Hair Club  
14 clients to leave Hair Club and obtain hair replacement services from her. De La  
15 Paz interfered with Hair Club's contracts by, among other things, encouraging Hair  
16 Club clients to cancel their contracts with Hair Club.

17 81. This intentional interference with the contractual relationships between  
18 Hair Club and its customers has induced clients to cancel their contracts with Hair  
19 Club in the future. Moreover, this intentional interference was improper because,  
20 among other things, it was the product of De La Paz's breach of the Agreement and  
21 her duty of loyalty to Hair Club, and because it was the result of De La Paz's  
22 misuse of insider and/or confidential information.

23 82. By engaging in the aforementioned tortious conduct with the intent to  
24 do harm to Hair Club and its reputation and goodwill, De La Paz intentionally  
25 interfered with Hair Club's current contracts with customers.

26 83. Hair Club has suffered and will continue to suffer damages as a result  
27 of De La Paz's actions.



1 statements that she was going to care for her ill mother during all work time that  
2 she took off were false.

3 91. Hair Club relied on De La Paz's statements in agreeing to give her the  
4 time off. Had Hair Club known De La Paz was going to open a competing  
5 business, it would not have allowed the time off.

6 92. Hair Club has suffered and will continue to suffer damages as a result  
7 of De La Paz's fraudulent actions.

8 93. De La Paz's fraudulent actions were malicious, wanton, reckless,  
9 willful, and/or oppressive and such conduct was outrageous as a result of the evil  
10 motive or reckless indifference, thus entitling Hair Club to an award of punitive and  
11 exemplary damages.

## 12 **EIGHTH CLAIM FOR RELIEF**

### 13 **(Unfair Competition)**

### 14 **(Against De La Paz)**

15 94. Hair Club hereby incorporates by reference and re-alleges the  
16 allegations of Paragraphs 1 through 93 as if fully set forth herein.

17 95. Upon information and belief, De La Paz has wrongfully used Hair  
18 Club's confidential and proprietary information and trade secrets, including, but not  
19 limited to, techniques, processes, documents, customer contacts, and customer-  
20 specific confidential information, without Hair Club's consent, for her own  
21 individual benefit and to further her competitive endeavors.

22 96. By doing so, De La Paz is unfairly competing against Hair Club by  
23 taking advantage of her access to Hair Club's confidential and proprietary  
24 information and trade secrets.

25 97. In addition, De La Paz is unfairly competing against Hair Club by  
26 converting Hair Club property for her own use.

27 98. De La Paz's actions are in commerce.





# **EXHIBIT 1**



HCM

HAIR CLUB FOR MEN, LTD.

NON-COMPETE AGREEMENT

In connection with my employment as Teresa DelaPaz for HAIR CLUB FOR MEN, LTD. (the "Company"), I acknowledge and/or agree as follows: (Stylist)

1. I have been advised that it is the express policy of the Company that any employee who previously worked for a competitor shall not solicit former customers of the competitor. If the name of a former customer should arise as a new lead from an advertisement of the Company, it is permissible for me to solicit this customer using the Company's new lead; provided, however, before such former customer is solicited, I must call it to the attention of management of the Company. A violation of this policy of the Company may result in my immediate dismissal.

2. I have advised the Company that I have no present or previous agreements or understanding of a contractual nature, express or implied, with any previous employer, which would prevent me from accepting employment with the Company. I agree that should any previous employer dispute my right to accept employment with the Company, I will indemnify the Company with respect to any liability (including attorneys' fees) resulting from such a controversy.

3. I acknowledge that the Company's business of hair replacement is based largely on certain confidential information including, but not limited to, lists of past, current and prospective customers, price lists, lists of employees, and other records of the Company acquired, collected and classified as the result of a substantial outlay of money; that the trade and goodwill of the Company with its customers has been established at a substantial cost to, and great effort on the part of the Company; that irreparable damage will result to the Company if such lists, records or information are obtained or used by any other person or competitor of the Company, or if said goodwill is diverted from the Company; and that my employment is being obtained and is based upon the trust and confidence reposed by the Company in me with respect to the proper use of such lists, records, and information solely for the Company's benefit. I further acknowledge that the giving of such employment affords me an opportunity to develop favorable relations with the customers of the Company and access to such confidential lists, records and information concerning the Company's business. In consideration thereof, and in consideration of my employment by the Company I hereby agree that:

a) In the event of the termination of my employment, at any time, whether by discharge or resignation or on account of any other reason, I will not for a period of two (2) years from the date of such termination engage in the business of hair replacement, on my own account, or become interested in such business directly or indirectly, as an individual, partner, stockholder, director, officer, clerk, principal, agent, employee, or in any other relation or capacity whatsoever, within a radius of ten (10) miles of any Hair Club center operated by the Company or any of its franchisees or affiliates.

Page 1

b) In the event of the termination of my employment, at any time, whether by discharge or resignation or for any other reason, I will not for a period of two (2) years from the date of termination directly or indirectly solicit, circularize or aid in soliciting or circularizing (generally or specifically) any business relating to hair replacement from any customer or customers of the Company, and will not deal with, or provide hair replacement services to, any customers who have, within two (2) years prior to the cessation of my employment, dealt with the Company. In no event shall I be restrained from soliciting or servicing the Company's customers for a period beyond two (2) years after the termination of my employment.

c) During the term of my employment and thereafter, I will not at any time, directly or indirectly, use or disclose to any persons, except the Company and its duly authorized officers and employees entitled thereto, the Company's and the Company's franchisee's and affiliate's customer lists (either past, present or prospective), price lists, lists of employees, and requirements for present and prospective customers as well as other records, statistics or other information acquired by me in the course of employment in any capacity whatsoever, or in any manner directly or indirectly aid or be party to any act, the effect of which will tend to divert, diminish or prejudice the goodwill or business of the Company or its franchisees and affiliates.

d) Upon the termination of employment at any time, whether by discharge or resignation or for any other reason, I will return to the company all of its property including, without limitation, the Company's customer lists (either past, present or prospective), price lists, lists of employees, requirement for past, present or prospective customers of the Company, as well as other records, statistics or other information acquired by me in the course of my employment which is in my possession at the time of my termination.

e) In the event of the termination of my employment, I will not for a period of two (2) years from the date of such termination employ or seek to employ any person or persons employed or engaged by the Company without the consent of the Company or its franchisees or affiliates, as the case may be, or otherwise induce any such person to leave his or her employment.

f) In the event of the termination of my employment, I will not publicize (or allow any business with which I am associated) to publicize the fact that I was an employee of the Company or otherwise use the Company's name for any pecuniary gain. Notwithstanding the foregoing, I may disclose the fact of my employment with the Company on resumes for bona fide prospective employment.

g) I acknowledge that irreparable damage will result to the Company, its business and property, in the event of my breach of any of the covenants and assurances contained herein, and that I have been employed by the Company primarily in reliance upon my covenants and assurances herein contained, and I agree that in the event of my breach or default with respect to any of such covenants or assurances, the Company shall be entitled to an injunction restraining my violation of such covenants, in addition to any other remedies or damages which may be available to it. In the event that the Company is compelled to file a complaint in any court of competent jurisdiction for an injunction, and/or an accounting and damages, and the Company is successful in such action, I will pay reasonable counsel fees and court costs in connection therewith.

h) The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provisions.

4. This Non-Compete Agreement between the Company and myself supercedes all previous Non-Compete Agreements.

HAIR CLUB FOR MEN, LTD.

Orange County  
Center  
770 The City Dr #4100  
Street Address  
Orange CA 92868  
City / State / Zip code

By: \_\_\_\_\_  
(HCM Representative)  
[Signature]  
(Employee)  
2-5-99  
(DATE)

PA123DATAIDENISEINONCMF28.WK3

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

**NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY**

This case has been assigned to District Judge George H. Wu and the assigned discovery Magistrate Judge is John E. McDermott.

The case number on all documents filed with the Court should read as follows:

**CV11- 2762 GW (JEMx)**

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

=====

**NOTICE TO COUNSEL**

*A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).*

Subsequent documents must be filed at the following location:

☒ **Western Division**  
312 N. Spring St., Rm. G-8  
Los Angeles, CA 90012

☐ **Southern Division**  
411 West Fourth St., Rm. 1-053  
Santa Ana, CA 92701-4516

☐ **Eastern Division**  
3470 Twelfth St., Rm. 134  
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.



AO 440 (Rev. 12/09) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the  
CENTRAL District of CALIFORNIA

HAIR CLUB FOR MEN, LLC, a Delaware  
limited liability company,

*Plaintiff*

v.

MARIA TERESA DE LA PAZ, an  
individual,

*Defendant*

Civil Action No. **CV11-02762 GW (JEMx)**

SUMMONS IN A CIVIL ACTION

To: *(Defendant's name and address)*

MARIA TERESA DE LA PAZ  
9542 Rufus Avenue  
Whittier, CA 90604-1038

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

Barbara J. Miller, SB#167223  
Jennifer L. Bradford, SB#203871  
MORGAN, LEWIS & BOCKIUS LLP  
5 Park Plaza, Suite 1750  
Irvine, CA 92614

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Date: MAR 31 2011

CLERK OF COURT

ROLLS ROYCE PASCHAE

*Signature of Clerk or Deputy Clerk*

1144

AO 440 (Rev. 12/09) Summons in a Civil Action (Page 2)

Civil Action No. \_\_\_\_\_

**PROOF OF SERVICE**

*(This section should not be filed with the court unless required by Fed. R. Civ. P. 4(l))*

This summons for *(name of individual and title, if any)* \_\_\_\_\_  
was received by me on *(date)* \_\_\_\_\_.

☐ I personally served the summons on the individual at *(place)* \_\_\_\_\_  
\_\_\_\_\_ on *(date)* \_\_\_\_\_; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* \_\_\_\_\_  
\_\_\_\_\_, a person of suitable age and discretion who resides there,  
on *(date)* \_\_\_\_\_, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* \_\_\_\_\_, who is  
designated by law to accept service of process on behalf of *(name of organization)* \_\_\_\_\_  
\_\_\_\_\_ on *(date)* \_\_\_\_\_; or

☐ I returned the summons unexecuted because \_\_\_\_\_; or

☐ Other *(specify)*: \_\_\_\_\_

My fees are \$ \_\_\_\_\_ for travel and \$ \_\_\_\_\_ for services, for a total of \$ \_\_\_\_\_.

I declare under penalty of perjury that this information is true.

Date: \_\_\_\_\_

\_\_\_\_\_  
*Server's signature*

\_\_\_\_\_  
*Printed name and title*

\_\_\_\_\_  
*Server's address*

Additional information regarding attempted service, etc:

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA**  
**CIVIL COVER SHEET**

<b>I (a) PLAINTIFFS</b> (Check box if you are representing yourself <input type="checkbox"/> ) HAIR CLUB FOR MEN, LLC, a Delaware limited liability company	<b>DEFENDANTS</b> MARIA TERESA DE LA PAZ, an individual
<b>(b) Attorneys</b> (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) Barbara J. Miller/Jennifer L. Bradford MORGAN, LEWIS & BOCKIUS LLP 5 Park Plaza Suite 1750 Irvine, CA 92614 949.399.7000	Attorneys (If Known)

<b>II. BASIS OF JURISDICTION</b> (Place an X in one box only.)  <input type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input checked="" type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	<b>III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only</b> (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%;"> <tr> <th></th> <th>PTF</th> <th>DEF</th> <th></th> <th>PTF</th> <th>DEF</th> </tr> <tr> <td>Citizen of This State</td> <td><input type="checkbox"/> 1</td> <td><input checked="" type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td><input type="checkbox"/> 4</td> <td><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td><input type="checkbox"/> 2</td> <td><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td><input checked="" type="checkbox"/> 5</td> <td><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td><input type="checkbox"/> 3</td> <td><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td><input type="checkbox"/> 6</td> <td><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input checked="" type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	PTF	DEF		PTF	DEF																				
Citizen of This State	<input type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4																				
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Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				
<b>IV. ORIGIN</b> (Place an X in one box only.) <input checked="" type="checkbox"/> 1 Original Proceeding <input type="checkbox"/> 2 Removed from State Court <input type="checkbox"/> 3 Remanded from Appellate Court <input type="checkbox"/> 4 Reinstated or Reopened <input type="checkbox"/> 5 Transferred from another district (specify): <input type="checkbox"/> 6 Multi-District Litigation <input type="checkbox"/> 7 Appeal to District Judge from Magistrate Judge																									

**V. REQUESTED IN COMPLAINT: JURY DEMAND:** ☐ Yes ☒ No (Check 'Yes' only if demanded in complaint.)

**CLASS ACTION under F.R.C.P. 23:** ☐ Yes ☒ No      ☒ **MONEY DEMANDED IN COMPLAINT: \$ Unspecified**

**VI. CAUSE OF ACTION** (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)  
 28 U.S.C. Section 1332(a)

VII. NATURE OF SUIT (Place an X in one box only.)					
<b>OTHER STATUTES</b> <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	<b>CONTRACT</b> <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input checked="" type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise <b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<b>TORTS</b> <b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>IMMIGRATION</b> <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<b>TORTS - PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability <b>BANKRUPTCY</b> <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>CIVIL RIGHTS</b> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<b>PRISONER PETITIONS</b> <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <b>FORFEITURE/PENALTY</b> <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395f) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7609

**FOR OFFICE USE ONLY:** Case Number: **CV11-02762 GW (JEMx)**

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA  
CIVIL COVER SHEET**

**VIII(a). IDENTICAL CASES:** Has this action been previously filed in this court and dismissed, remanded or closed? ☒ No ☐ Yes

If yes, list case number(s): \_\_\_\_\_

**VIII(b). RELATED CASES:** Have any cases been previously filed in this court that are related to the present case? ☒ No ☐ Yes

If yes, list case number(s): \_\_\_\_\_

**Civil cases are deemed related if a previously filed case and the present case:**

- (Check all boxes that apply) ☐ A. Arise from the same or closely related transactions, happenings, or events; or  
☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or  
☐ C. For other reasons would entail substantial duplication of labor if heard by different judges; or  
☐ D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

**IX. VENUE:** (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.

☐ Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	Delaware and Florida

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.

☐ Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.

**Note: In land condemnation cases, use the location of the tract of land involved.**

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Orange County and Los Angeles County	

\* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

**Note:** In land condemnation cases, use the location of the tract of land involved

**X. SIGNATURE OF ATTORNEY (OR PRO PER):** 

Date March 31, 2011

Barbara J. Miller

**Notice to Counsel/Parties:** The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))